

POVERTY AND ECONOMIC INEQUALITY IN BANGKA BELITUNG

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Abstract: Bangka Belitung Islands Province, despite its rich natural resources, still faces major challenges related to poverty and economic inequality. The unequal distribution of wealth and access to economic opportunities are major obstacles to improving people's welfare. This article analyzes the factors causing poverty and inequality in Bangka Belitung, and evaluates the effectiveness of local government policies in addressing them. The study uses quantitative data analysis from BPS and other secondary data, as well as a review of related literature. The results of the study indicate that unequal distribution of resources, limited access to education and health services, fluctuations in commodity prices, and lack of economic diversification are the main factors causing poverty and inequality. Evaluation of poverty alleviation policies shows an increase in several indicators, but their effectiveness is still limited due to the lack of coordination between sectors and community empowerment. This study concludes that a more comprehensive and integrated poverty alleviation and inequality reduction strategy, with a focus on economic diversification, improving the quality of human resources, and community empowerment, is very important to realize sustainable and equitable economic development in Bangka Belitung.

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Introduction

Poverty is one of the main benchmarks of community welfare, where according to Andrianus and Alfatih (2023), poverty is seen as a form of loss of welfare (derivation of well being), and until now it remains a central issue at the global level, especially in developing countries. Efforts to overcome poverty are very important to get special attention, because poverty can reduce the quality of people's lives, increase socio-economic burdens, reduce community participation, worsen trust in the government, and threaten the quality of

future generations. The Bangka Belitung Islands Province, although known as an archipelago with abundant natural resources—especially tin—still faces various challenges related to poverty and economic inequality. Economic growth which is often associated with the potential of natural resources has not been able to provide equitable economic benefits for all levels of society, so that the problem of poverty in this province is influenced by structural and social factors, such as unbalanced distribution of resources, limited access to education and health services, and the

influence of commodity price fluctuations on people's livelihoods. One of the main indicators used to measure poverty and inequality is the Gini Index, which reflects the level of inequality in income distribution in a region. Based on data from the Central Statistics Agency (BPS), in 2018 there were 76,270 poor households spread across six districts and one city in Bangka Belitung, with Pangkalpinang City as the provincial capital occupying the fourth position for the most poor families. Although various social assistance programs such as BPNT, PKH, and BLT have been distributed, problems are still found such as inaccurate targeting, late distribution, and inadequate quality of assistance. In addition, although Bangka Belitung is ranked fifth as the province with the lowest poverty rate in Indonesia, income inequality remains an important issue, where data shows that the number of poor people in Pangkalpinang fluctuated from 10.12 thousand people (5.02%) in 2016, decreased in 2019, but rose again in 2020 to 9.4 thousand people, indicating poverty that is very vulnerable to changes in economic and social conditions.

Several studies have shown that economic growth in Bangka Belitung is indeed effective in reducing poverty rates, but has not been able to overcome income inequality, and this inequality can even hinder the effectiveness of economic growth in reducing poverty. The service and agricultural sectors have been shown to make a positive contribution to reducing poverty and inequality, while inflation has a negative effect on poverty rates but is inversely proportional to income inequality. In addition, population and government spending also play a significant role in influencing income disparities in this province.

However, there are still research gaps, especially related to the effectiveness of social assistance programs and the distribution of economic benefits from the region's leading sectors, where most studies still focus on macro data and not many have examined the characteristics of poverty at the household level, the effectiveness of aid distribution, and the impact of commodity price fluctuations on community welfare. In

addition, the importance of economic growth is often highlighted, but the impact of inequality on quality of life, social participation, and public trust in local governments has not been studied in depth, so an approach is needed that integrates quantitative and qualitative analysis and highlights the role of local policies in addressing the root causes of poverty and inequality.

Based on this background, this article aims to comprehensively analyze poverty and economic inequality in the Bangka Belitung Islands Province, identify the main factors that influence poverty and inequality such as resource distribution, access to education and health, and the impact of commodity price fluctuations, evaluate the effectiveness of various social assistance policies and programs that have been implemented by the local government, and provide strategic recommendations based on data and in-depth analysis to support more inclusive and equitable economic development in Bangka Belitung. With a comprehensive understanding of the challenges and opportunities that exist, it is hoped that this article can be a reference for policy makers, academics, and the community in formulating sustainable poverty alleviation and economic equity strategies in the Bangka Belitung Islands Province.

Literature Review

Poverty is generally understood as a condition of loss of welfare characterized by the inability to meet basic needs, both food and non-food needs, which are usually measured by the poverty line or poverty threshold (World Bank; BPS, 2012). Meanwhile, economic inequality refers to the imbalance in the distribution of income or consumption among members of society, which can be measured using indicators such as the Gini Index and the Lorenz Curve. A Gini Index approaching zero indicates an even distribution of income, while a value approaching one indicates high inequality.

The relationship between income inequality and poverty is complex and

mutually influential. High income inequality can reduce people's purchasing power, hinder economic activity, and increase poverty levels. Conversely, widespread poverty can also exacerbate inequality because poor groups have limited access to resources and economic opportunities. Sugiyarto et al. (2015) even stated that inequality can worsen poverty and is considered a form of poverty itself.

Research in Indonesia shows that income inequality significantly affects poverty levels. A quantitative study of 24 provinces in Indonesia during the period 2017-2021 revealed that the higher the income inequality, the higher the percentage of poor people in an area. However, there are regional variations, such as in Central Java and West Nusa Tenggara, where inequality does not always have a significant effect on poverty, indicating the complexity of this relationship. In Bangka Belitung Province, although rich in natural resources, especially tin, income inequality and poverty are still major problems. The economic growth that has occurred has not been able to effectively overcome the inequality of income distribution so that economic benefits are not felt evenly by the entire community. This inequality also causes fluctuating poverty levels and is vulnerable to changes in economic conditions, such as fluctuations in commodity prices and limited access to education and health services.

In solving the problem of poverty and inequality in Bangka Belitung, several important aspects need to be considered. First, the distribution of income and resources must be leveled through inclusive policies so that the benefits of development can be enjoyed evenly. Second, access to education and health services needs to be improved to break the cycle of poverty and inequality. Third, economic dependence on the mining and commodity sectors that are vulnerable to price fluctuations needs to be addressed by diversifying the economy and strengthening social protection. Finally, the effectiveness of social assistance programs such as BPNT, PKH, and BLT must be evaluated and improved so that their

distribution is right on target, timely, and of high quality in directly reducing poverty.

By combining theories of inequality and poverty and empirical findings in Bangka Belitung, this research framework emphasizes the need for a multidimensional approach that integrates economic, social, and human development policies to address the root causes of poverty and inequality in a sustainable manner.

Method

This study uses a quantitative approach with a descriptive research type that aims to describe the conditions of poverty and economic inequality in the Bangka Belitung Islands Province. The data used is secondary data in the form of panel data that combines time series and cross-sectional data from seven districts/cities in Bangka Belitung during the period 2010 to 2022. Data sources were obtained from the Central Statistics Agency (BPS) and other related agencies, including variables of poverty levels, Gross Regional Domestic Product (GRDP), government spending, education, and unemployment rates.

The analytical method applied is quantitative, with the aim of providing a comprehensive picture of the socio-economic conditions in the region. In addition, in analyzing sharia issues related to poverty and inequality, this study also uses a qualitative approach as a complement. This approach focuses on the study of social policies and programs that refer to the principles of justice and inclusiveness in the distribution of economic benefits, so that it can provide an understanding of the mechanism for implementing policies that are in accordance with sharia values, especially in the context of equalizing welfare and social protection for the poor.

This research method is designed to provide readers with a comprehensive picture of the conditions of poverty and inequality in Bangka Belitung and the effectiveness of policies that have been implemented, without conducting in-depth analysis at this stage, so that the results can

be the basis for further research and more targeted policy making.

Results and Discussion

Definition of Poverty

Poverty is a complex condition and is not limited to a lack of income. In general, poverty is understood as a situation where individuals or groups are unable to meet their basic needs.

From an economic perspective, poverty can be divided into absolute poverty—when a person does not have enough resources to meet basic needs such as food, clothing, shelter, health, and education—and relative poverty, when a person's income is far below the average standard of living of the surrounding community, thus highlighting the aspect of inequality in income distribution.

From a social perspective, poverty refers to the limitations of individuals or groups in participating fully in community life due to lack of access to education, health services, employment, and social institutions. The process of social exclusion can also occur, where certain groups lose the social, economic, and political rights that they should have.

The multidimensional approach emphasizes that poverty is not only related to income, but also includes dimensions of health, education, standard of living, security, and empowerment. The Multidimensional Poverty Index (MPI) is used to measure poverty from these various aspects.

In the Bangka Belitung Islands Province, poverty is defined as the inability of individuals or households to meet basic needs, including food, clothing, shelter, education, and health. BPS Bangka Belitung uses a basic needs approach to measure poverty, by setting a poverty line based on minimum expenditure per capita per month. It should be noted that the definition and method of measuring poverty can differ in each country or region, depending on the standards and methodologies of each statistical institution. The latest data as of

January 2025 shows that the percentage of poor people in Bangka Belitung reached 5.08%, up 0.53 percentage points from March 2024. However, this figure is still lower than the national average of 9.03%.

Various efforts have been made to overcome poverty in Bangka Belitung, such as increasing access to education, skills training, job creation, and more targeted social assistance programs.

Important aspects in understanding poverty include

1. Lack of access to economic, social, and cultural resources to meet basic needs.
2. Vulnerability to economic, social, and environmental shocks that can worsen living conditions.
3. Powerlessness in influencing decisions that impact one's own life and minimal participation in decision-making.
4. Social exclusion, namely marginalization from access and rights that other members of society have.

Poverty Measurement

Poverty measurement aims to understand the level of poverty in an area and design appropriate policy interventions. The approaches used can vary, but in general aim to provide a clear picture of the economic and social conditions of the community.

Some approaches to measuring poverty include:

1. Absolute Poverty:

Measuring the inability of a person or household to meet basic needs such as food, clothing, shelter, education, and health. The poverty line is used as the minimum limit for spending on these needs. In Indonesia, the poverty line is calculated based on spending on food and non-food needs, and is updated periodically by BPS.

The poverty depth and severity index is used to measure how far and severe the poverty conditions are in a region.

2. Relative Poverty:

Measures the inability to meet a decent standard of living according to the average local community. The Gini Index is an indicator used to see the level of inequality in income distribution, with a value of 0 indicating even distribution and a value of 1 indicating high inequality.

3. Multidimensional Approach (MPI): Measures poverty based on various dimensions of life such as health, education, and access to basic facilities (clean water, electricity, sanitation, and decent housing).

4. Measurement Based on Access to Social and Economic Services: In addition to income, poverty is also measured by people's access to basic services, such as education, health, clean water, and energy.

5. Survey and Statistical Data: Poverty measurement is also done through household expenditure surveys and statistical data from institutions such as BPS.

Poverty measurement process includes:

1. Data collection
2. Data poverty line
3. Identification of poor people
4. Data aggregation and analysis
5. Reporting and dissemination of results

Benefits of poverty measurement include:

1. Understanding the characteristics and causes of poverty
2. Designing poverty alleviation policies and programs
3. Monitoring and evaluating program effectiveness
4. Allocating resources efficiently
5. Increasing public awareness of poverty issues

Causes of Poverty and Inequality in Bangka Belitung

1. High dependence on the tin mining sector, so that when the price of tin falls, the regional economy and community income are also affected.
2. Minimal diversification of the economic sector, so that employment outside the mining sector is very limited.
3. Uneven infrastructure, especially in rural areas and small islands, hindering access to education, health, and job opportunities.
4. Low levels of education and community skills, making it difficult to compete in the job market.
5. Environmental damage due to mining activities, which has a negative impact on the agriculture and fisheries sectors.
6. Inequality in access to basic services, widening the gap between urban and rural communities.

Poverty Alleviation Strategy

Strategies that can be carried out to reduce poverty in Bangka Belitung include:

1. Diversification of the economic sector through the development of tourism, agriculture, fisheries, and the creative industry.
2. Improving infrastructure in remote areas to expand access to economic opportunities and basic services.
3. Improving community skills and education through vocational training and scholarships.
4. Rehabilitation of the environment due to mining and law enforcement against illegal mining.
5. Support for MSMEs through training, capital assistance, and marketing.
6. Distribution of targeted social assistance for the underprivileged.
7. Development of sustainable tourism to create jobs and increase community income.
8. Strengthening cooperation between the government, private sector, and the community in designing poverty alleviation programs.
9. Strengthening data and monitoring systems to evaluate program effectiveness.

Poverty Alleviation Policy

The Bangka Belitung Provincial Government has implemented various policies and programs to reduce poverty rates, including:

1. Integrated social assistance programs such as PKH, BPNT, and assistance for decent housing, which are intended for families with the lowest socio-economic conditions.
2. Empowerment of the community economy through skills training, business capital assistance, and facilitation of access to markets for MSMEs.
3. Improving the quality of education and health through scholarships, improving education and health facilities, and improving the quality of teaching and health personnel.
4. Development of rural infrastructure to improve connectivity and accessibility to remote areas.
5. Synergy and coordination between agencies to improve the effectiveness and efficiency of poverty alleviation programs.

Some of the challenges still faced include budget constraints, suboptimal coordination between agencies, and geographical conditions that make access to remote areas difficult. To overcome these challenges, budget efficiency, strengthening coordination, and developing innovative strategies that are in accordance with the characteristics of the Bangka Belitung region are needed.

GINI INDEX & MEASURING INCOME INEQUALITY

The Gini Index (or Gini coefficient) is a measure used to measure the level of income or wealth inequality in a population. This index is very important in analyzing income distribution and formulating more equitable economic policies. And a statistical measure that shows how evenly or

unequally the distribution of income or wealth is within a group.

1. Value: The Gini Index ranges from 0 to 1:
2. 0: Indicates perfect equality, where everyone has the same income or wealth.
3. 1: Indicates perfect inequality, where one person has all the income or wealth, while others have nothing.
4. Interpretation: The higher the value of the Gini Index, the higher the level of income or wealth inequality in a population.

How to Calculate the Gini Index

The Gini Index is calculated based on the Lorenz curve, which describes the cumulative proportion of

income received by the cumulative proportion of the population.

1. Lorenz Curve: This curve plots the cumulative percentage of income (Y-axis) against the cumulative percentage of the population (X-axis) sorted from lowest to highest income.
2. Perfect Equality Line: The diagonal line from (0,0) to (1,1) represents a perfect distribution of income, where each percentage of the population receives the same percentage of income.
3. Calculation: The Gini Index is calculated as the ratio of the area between the perfect equality line and the Lorenz curve (Area A) to the total area under the perfect equality line (Area A + Area B).

$$\text{Indeks Gini} = A / (A + B)$$

Other Measures of Income Inequality

In addition to the Gini Index, there are several other methods for measuring income inequality:

Percentile Ratios:

1. Definition: Compares income at a given percentile. For example, the

ratio P90/P10 compares income at the 90th percentile (the richest 10% of the population) to income at the 10th percentile (the poorest 10%).

2. Interpretation: The higher the ratio, the greater the inequality. Palma Ratio:
3. Definition: Compares the income share of the richest 10% of the population to the income share of the poorest 40%.
4. Interpretation: More sensitive to changes at the bottom and top of the income distribution.

Coefficient of Variation:

1. Definition: Measures how much income varies relative to the average income.
2. Formula: $CV = \text{Standard Deviation} / \text{Average Income}$
3. Interpretation: The higher the CV, the greater the inequality.

Theil Index:

1. Definition: A family of indices that measure inequality based on the concept of entropy from information theory. More sensitive to differences at the top of the distribution.
2. Advantages: Can be broken down to see the contribution of inequality between groups (for example, by region or sector).

Measuring Income Inequality:

There are several ways to measure income inequality other than using the Gini Index, including:

1. Coefficient of Variation: Measures how widely income is spread across society. The higher the coefficient of variation, the greater the income inequality.
 2. Kurtosis and Skewness: Measures the distribution of income in more detail, including whether the distribution tends to be more concentrated on low or high values.
- Decile or Quintile Income Statement: This divides society's income into ten or five

groups (deciles or quintiles) and compares how income is distributed among those groups.

3. Lorenz Curve: This is a graph that depicts the distribution of income or wealth in a population. It is often used in conjunction with the Gini Index to provide a visual representation of income inequality.

Importance of Measuring Income Inequality

1. Understanding Social and Economic Conditions: Measuring inequality helps to understand how fairly a society distributes resources.
 2. Policy Formulation: Information about inequality is important for designing effective policies to reduce inequality, such as social assistance programs, progressive tax policies, and investments in education and health.
 3. Policy Evaluation: Measuring inequality helps evaluate the impact of existing policies on income distribution.
- Social and Economic Stability: High inequality can lead to social discontent, conflict, and hinder sustainable economic growth.

Gini Index and Income Inequality in Indonesia: Indonesia, like many other countries, has a Gini Index value that changes over time, depending on economic policies, development, and resource distribution. For example, if Indonesia's Gini Index approaches 0.4, this indicates that there is still significant inequality in income distribution in the country.

Conclusion

Poverty and economic inequality in the Bangka Belitung Islands Province are still major challenges that affect people's welfare. Although there is great economic potential from the natural resource sector, such as tin, uneven management and distribution of economic results have caused a gap between the rich and the poor.

Based on the analysis of poverty data and the Gini Index, although there has been a decrease in the poverty rate, income inequality is still quite significant in various regions in this province. The government's

efforts to reduce poverty, through increasing access to education, skills training, and job creation, must continue to be strengthened. In addition, more targeted policies in equitable development and fairer management of natural resources will be very important to reduce economic inequality.

The participation of the community, private sector, and social institutions are also key elements in creating sustainable change. With more integrated efforts and more effective strategies, it is hoped that the Bangka Belitung Islands Province can achieve more inclusive and sustainable development, and reduce economic disparities, so that poverty can be significantly reduced in the future.

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